

VZCZCXYZ0007
PP RUEHWEB

DE RUEHTV #2114/01 2601003
ZNR UUUUU ZZH
P 161003Z SEP 08
FM AMEMBASSY TEL AVIV
TO RUEHC/SECSTATE WASHDC PRIORITY 8438
RHEHAAA/WHITE HOUSE WASHDC PRIORITY
RHEHNSC/WHITE HOUSE NSC WASHDC PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RUEKJCS/SECDEF WASHDC PRIORITY
RUEAHQA/HQ USAF WASHINGTON DC PRIORITY
RUEADWD/DA WASHDC PRIORITY
RHMFIUU/CNO WASHINGTON DC PRIORITY
RHEFDIA/DIA WASHINGTON DC PRIORITY
RUEKJCS/JOINT STAFF WASHDC PRIORITY
RUEHAD/AMEMBASSY ABU DHABI PRIORITY 4393
RUEHAS/AMEMBASSY ALGIERS PRIORITY 0999
RUEHAM/AMEMBASSY AMMAN PRIORITY 4746
RUEHAK/AMEMBASSY ANKARA PRIORITY 5183
RUEHLB/AMEMBASSY BEIRUT PRIORITY 4395
RUEHEG/AMEMBASSY CAIRO PRIORITY 2756
RUEHDM/AMEMBASSY DAMASCUS PRIORITY 5156
RUEHLO/AMEMBASSY LONDON PRIORITY 2017
RUEHFR/AMEMBASSY PARIS PRIORITY 0239
RUEHRB/AMEMBASSY RABAT PRIORITY 8995
RUEHRO/AMEMBASSY ROME PRIORITY 6476
RUEHRH/AMEMBASSY RIYADH PRIORITY 1400
RUEHTU/AMEMBASSY TUNIS PRIORITY 5497
RUCNDT/USMISSION USUN NEW YORK PRIORITY 7459
RUEHJI/AMCONSUL JEDDAH PRIORITY 0325
RUEHJM/AMCONSUL JERUSALEM PRIORITY 0451
RHMFISS/CDR USCENTCOM MACDILL AFB FL PRIORITY
RHMFISS/COMSOCEUR VAIHINGEN GE PRIORITY
RHMFIUU/COMSIXTHFLT PRIORITY

UNCLAS TEL AVIV 002114

STATE FOR NEA, NEA/IPA, NEA/PPD

WHITE HOUSE FOR PRESS OFFICE, SIT ROOM
NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA
HQ USAF FOR XOXX
DA WASHDC FOR SASA
JOINT STAFF WASHDC FOR PA
CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD
COMSIXTHFLT FOR 019

JERUSALEM ALSO ICD
LONDON ALSO FOR HKANONA AND POL
PARIS ALSO FOR POL
ROME FOR MFO

SIPDIS
E.O. 12958: N/A
TAGS: [OPRC](#) [KMDR](#) [IS](#)

SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

Mideast

Key stories in the media:

All major media led with the financial crisis emanating from the U.S. Banners: "Wall Street Collapsing following 'Lehman Brothers'"; "Fears of Losses in Israel" (Ha'aretz); "Collapse" (Yediot); "Hurricane" (Maariv); "Credit Crisis Topples U.S. Financial Icon" (Jerusalem Post); "Concern: World Recession" (Israel Hayom);

"'Once-in-a-Century Crisis'" (Makor Rishon-Hatzofe). The media reported that the Tel Aviv Stock Exchange indexes dropped by several percentage points yesterday and today. Ha'aretz reported that the exposure of Bank Leumi and Bank Hapoalim (Israel's largest banks) to the fate of the collapsed U.S.-based Lehman Brothers investment bank, to the tune of \$95 million and \$109 million respectively, doesn't necessarily mean that the banks will have to write off these amounts. These figures represent the maximum losses, but at this stage it remains unclear how much bond holders will be able to recover after Lehman's collapse.

All media cited a warning by security officials yesterday that Hizbullah and Palestinian terrorists are planning an imminent joint operation to kidnap Israelis vacationing in the Sinai Peninsula and transfer them to the Gaza Strip, where they will be held until Palestinian prisoners in Israeli jails are released. "The threat [of an attack] is getting clearer and more concrete," Defense Minister Ehud Barak was quoted as saying, urging Israelis already in the Sinai to return immediately. The GOI's counterterrorism bureau intensified its warning against travel to the peninsula yesterday, noting that while a warning against Israeli travel to Sinai has been in place for some time, new information received over the past few days suggests that the probability of an attack in the near future is high. Israel Radio reported that the government's warning was poorly heeded.

Ha'aretz reported that a Ha'aretz/Channel 10-TV poll (see below) predicts a landslide victory for FM Tzipi Livni in the Kadima primaries. Ha'aretz reported that Kadima's new chair will have to decide between Shas or new elections. Ha'aretz quoted sources close to PM Ehud Olmert as saying that he is expected to resign from the Knesset if the person who replaces him as chair of Kadima manages to form an alternative cabinet. The sources were also quoted as saying that if the primary is decided in the first round, Olmert might resign no later than Sunday. On the other hand, Maariv quoted Olmert associates as saying that as long as there is an interim government, Olmert will head it. The Jerusalem Post reported that Transportation Minister Shaul Mofaz told supporters in Netanya yesterday that he will already have a new coalition ready by the Jewish New Year (at the end of the month).

Ha'aretz reported that Spanish FM Miguel Moratinos told the newspaper that PA President Mahmoud Abbas is seriously considering Olmert's proposal for an agreement in principle on the core issues in the Israeli-Palestinian negotiations. Moratinos made the comment after he met with the two leaders. Israel Radio reported that Olmert and Abbas will not be accompanied by their staffs today as they meet in Jerusalem. Maariv and The Jerusalem Post quoted Olmert as saying before the Knesset's Foreign Affairs and Defense Committee yesterday that missing an agreement with the Palestinians would carry an insufferable price for Israel. The radio quoted chief Palestinian negotiator Ahmed Qurei as saying that there will be no negotiations with Israel without resolving the issue of Jerusalem, and that the Palestinians will not give up on the right of return. Yated Ne'eman reported that the EU may finance the "evacuation-compensation bill."

The Jerusalem Post cited the hope of Israel and the U.S. that a new IAEA report, which shows that Iran is continuing to enrich uranium and is blocking the investigation of its program, will breathe new life into efforts to sanction the Islamic Republic. Yediot cited the Italian daily La Stampa as saying, based on a Western report, that Iran plans to stage a breakdown in the Bushehr nuclear reactor in order to accelerate its production of plutonium for military purposes.

Leading media reported that yesterday a Palestinian terrorist who stabbed an IDF soldier at Almog Junction in the southern West Bank has been caught.

The Jerusalem Post quoted defense officials as saying yesterday that plans to equip IDF tanks with the anti-missile defense system Trophy have been postponed by two years due to budgetary and development snags.

All media quoted the Reform Party of Syria, a pro-democracy opposition party based in the U.S., as saying that Hisham al-Labadani, Hamas chief Khaled Mashal's secretary, was shot and killed in broad daylight in the city of Homs in Syria last Thursday.

Maariv surmised that Syrian President Bashar Assad, who opposes a rapprochement between Syria and Iran, is behind the assassination.

Leading media quoted South African Archbishop Desmond Tutu as saying on Monday that Israel may have committed a war crime by shelling Bet Hanun in 2006, but that Palestinians were also at fault for firing rockets at Israeli civilians.

Ha'aretz reported that the U.S., Israel, and the PA are discussing extending geographical responsibilities of Palestinian forces in the West Bank. The newspaper reported that DM Ehud Barak and the U.S. special envoy for Middle East security, General James Jones, have both rejected Palestinian PM Salam Fayyad's proposal to expand the program to Hebron. However, they are considering expanding it to Tulkarm. Ha'aretz reported that Barak, Shin Bet chief Yuval Diskin, and other senior defense officials have all recently praised the PA's performance in Jenin, where hundreds of Palestinian policemen, including some trained by the Americans in Jordan, were posted to enforce law and order. The IDF, for its part, cut back on operations, eased traffic obstacles, and permitted Israeli Arabs to enter Jenin. Palestinian forces were also allowed to operate in rural areas around the city in coordination with Israel.

Ha'aretz quoted the rabbi of the militant settlement of Yitzhar, Rabbi David Dudkevitch, as saying in an interview with the newspaper: "The state stole Israel from the Jews." Ha'aretz reported that the human rights group Yesh Din - Volunteers for Human Rights demanded yesterday that the IDF investigate its soldiers' failure to prevent a group of settlers (from Yitzhar) from attacking and wounding eight Palestinians on Saturday.

A Ha'aretz/Channel 10-TV poll asked registered Kadima voters:
For whom will you vote?

First round: Tzipi Livni: 47% (47.2%); Shaul Mofaz: 28%; Avi Dichter: 6%; Meir Sheetrit: 6% (5.4%); 13% are undecided.

Do you plan to vote?

Certain to vote: 70%; expect to vote: 24%; expect not to vote: 2%; undecided: 4%.

Second round: Livni: 50%; Mofaz: 33%; undecided: 17%.

Maariv presented the results of a TNS/Teleseker poll among Kadima voters:

Were the primaries to take place today, which of the candidates would you elect as head of the party? (In brackets: People who are sure they will vote):

Tzipi Livni: 42.5% (43.5%); Shaul Mofaz: 30.4% (28.8%); Avi Dichter: 9.6% (9.4%); Meir Sheetrit: 7.4% (6.4%); 10.1% are undecided.

If there is a run-off between Livni and Mofaz, whom will you choose?

Livni: 53.1%; Mofaz: 36.3% (33.4%); 10.7% (9.6%) are undecided.

Mideast:

Summary:

Senior columnist and longtime dove Yoel Marcus wrote in the independent, left-leaning Ha'aretz: "Tzipi Livni, a brave and honest lady who has evolved from a politician into a stateswoman, is the woman of the hour. Israel has found a new kind of leader."

Deputy Managing Editor and right-wing columnist Caroline B. Glick wrote in the conservative, independent Jerusalem Post: "If polls are to be believed, Livni the fraud is just one fraudulent election away from becoming our next prime minister."

Gershon Baskin, Co-Director of the Israel/Palestine Center for Research and Information, wrote in The Jerusalem Post: "Despite what many people believe or would like to believe or perhaps even hope, Oslo is not yet dead and the chances for Israeli-Palestinian peace have not totally faded away."

Block Quotes:

1I. "The Woman of the Hour"

Senior columnist and longtime dove Yoel Marcus wrote in the independent, left-leaning Ha'aretz (9/16): "Israel's defense problems cannot be resolved through armed intervention alone. The dangers have changed. We are not talking anymore about wars between countries in which we can be sure of a decisive military victory. With threats like Iran and Hizbullah, we need a much more complex range of responses than in the past, says [Tzipi] Livni.... Livni sees one of her missions as building a social common denominator that will also give minorities a voice. Livni is straight as an arrow. She was the only woman minister at the powwow at Ariel Sharon's ranch where officials decided to quit the Likud and form Kadima, and she was the one who composed the party platform. Nevertheless, she did not exploit her seniority and the prestige that goes with it to demand a plum job, such as acting prime minister, for instance.... While serving in the government, Livni has also shown great courage. Not every day does a cabinet minister get up and demand the prime minister's resignation (as she did in the wake of the Winograd Committee interim report).... The gap between her lily-white image and his troubles led him to respond with personal vengeance, articulated in his decision not to resign from the government no matter what, if only to keep her from gaining any advantage in the race for prime minister by dint of being his deputy.... Tzipi Livni, a brave and honest lady who has evolved from a politician into a stateswoman, is the woman of the hour. Israel has found a new kind of leader."

II. "Mrs. Clean Is a Fraud"

Deputy Managing Editor and right-wing columnist Caroline B. Glick wrote in the conservative, independent Jerusalem Post (9/16): "Foreign Minister Tzipi Livni may not be a crook, but she is a fraud. And if polls are to be believed, Livni the fraud is just one fraudulent election away from becoming our next prime minister.... The most blatant recent example of Livni's deceitfulness is her behavior on the issue of sovereignty over Jerusalem. For the past year, Livni has led the negotiating team with the Fatah faction of the Palestinian Authority. In her position, she has been the architect of whatever agreements the government has concocted regarding the surrender of Judea and Samaria and parts of Jerusalem to Fatah. Supported by the local media, Livni and Olmert have denied the public the right to know what they are discussing on our behalf and so prevented any public debate about their actions. This is crucial for them because opinion polls show that their presumptive plan to withdraw from some 98% of Judea and Samaria [i.e. the West Bank] and partition Jerusalem is not supported by the public.... She tells us that the cease-fire with Hizbullah she crafted which paved the way for the Iranian proxy's takeover of Lebanon was a diplomatic success. She tells us that we have no option of victory over our enemies and the best we can do is beg others to defend us. And she tells us we should give her the reins of power because she tells us the truth. The public is powerless today to do anything in the face of Livni's and Kadima's trampling of our democratic system and open contempt for our national interests. It can only be hoped that whenever elections are eventually held, we will punish them for what they have done."

III. "From Oslo, Back to Oslo"

Gershon Baskin, Co-Director of the Israel/Palestine Center for Research and Information, wrote in The Jerusalem Post (9/16): "Despite what many people believe or would like to believe or perhaps even hope, Oslo is not yet dead and the chances for Israeli-Palestinian peace have not totally faded away. If and when the possibility of peace does fade away, the Palestinian people will no longer be calling for an independent Palestinian state in the June 4, 1967 borders, they will be calling for democracy and 'one-person one-vote' between the river and the sea. When and if that happens, we will begin to witness the beginning of a new era which I would call the 'era of the demise of the Zionist enterprise.' I only hope that our leaders and their leaders will have the wisdom and the sanity to prevent us from jumping off the brink into that abyss. The only way to prevent the next round of violence, which will signal the beginning of the end of the two-state solution, is to reach an agreement as soon as possible. It may not be possible before the end of the Bush administration, but the parties should already indicate their commitment to go beyond that deadline into the beginning of the next U.S."

administration.... Fifteen years have passed since that hopeful day on the White House lawn. We are no longer drunk with hope. We are much more sober about our difficult reality and the fact that there are still too many fanatics out there who would prefer mutual destruction to making compromises and concessions for peace. So far those fanatics have won, and in their winning they have transformed the Israeli-Palestinian relationship into a 'lose-lose' unbreakable embrace. The chance of a 'win-win' mutual liberation is still possible -- but the price will be no less than what is written above. There is simply no other way -- either we both win, or we both lose."

CUNNINGHAM